Premier VIT

OpCap Managed Portfolio

Semi-Annual Report
June 30, 2009

2009 SEMIANNUAL REPORT

Premier VIT—OpCap Managed Portfolio

Letter to Shareholders

Dear Shareholder:

Please find enclosed the semi-annual report of Premier VIT—OpCap Managed Portfolio (the “Portfolio”) for the six-month period ended June 30, 2009.

The bear market for U.S. stocks turned course in March 2009 as equities began registering gains after nearly 18 months of almost continuous declines. Major stock indexes reclaimed lost ground during the six-month reporting period ended June 30, 2009 with most core and growth indexes moving into positive territory. Large-and small-cap value indexes remained slightly negative.

The Standard & Poor’s 500 Index, a broad measure of U.S. stocks, returned 3.16% during the six-month period. The Russell 1000 Value Index, which serves as a benchmark measure of performance for U.S. large-company value stocks, declined 2.87%. The S&P MidCap 400 Index returned 8.47% and small-cap stocks, as represented by the Russell 2000 Index, returned 2.64%. Bond markets also delivered mixed results. U.S. Treasury securities, which had outperformed most investments during the bear market, gave ground. The Barclays Capital U.S. Treasury Index declined 4.30% during the six-month period. The Barclays Capital U.S. Aggregate Index, a broad measure of government and corporate bonds, rose 1.90%.

The Federal Reserve pursued a policy of “quantitative easing”. Under the initiative, the U.S. monetary authority sought to inject liquidity into the financial system through purchases of large amounts of securities (such as mortgage-backed securities and U.S. Treasuries) from commercial banks in order to encourage lending to consumers and businesses.

Please refer to the following pages for specific Portfolio information. If you have any questions regarding the information provided, please contact your financial adviser.

Thank you for investing with us, we remain dedicated to serving your investment needs.

Brian S. Shlissel
President & Chief Executive Officer

Premier VIT—OpCap Managed Portfolio

(unaudited)

Important Information about the Portfolio

The Portfolio is only available as a funding vehicle under variable annuity contracts or variable life insurance policies offered by insurance companies. Individuals may not purchase shares of the Portfolio directly. Shares of the Portfolio may also be sold to qualified pension and retirement plans outside of the separate account context.

Investment products may be subject to various risks as described in the prospectus. Some of those risks may include, but are not limited to, the following: derivative risk, small company risk, foreign security risk and specific sector investment risks. Use of derivative instruments may involve certain costs and risks such as liquidity risk, interest rate risk, market risk, credit risk, management risk and the risk that a Portfolio could not close out a position when it would be most advantageous to do so. Portfolios investing in derivatives could lose more than the principal amount invested in those instruments. Investing in foreign securities may entail risk due to foreign economic and political developments; this risk may be enhanced when investing in emerging markets. Smaller companies may be more volatile than larger companies and may entail more risk. Concentrating investments in individual sectors may add additional risk and additional volatility compared to a diversified equity portfolio. Please refer to the prospectus for complete details.

Form N-Q

The Portfolio files its complete schedule of portfolio holdings with the Securities and Exchange Commission (the "SEC") for the first and third quarters of its fiscal year on Form N-Q. Form N-Q is available (i) on the SEC's website at www.sec.gov, and (ii) may be reviewed and copied at the SEC's Public Reference Room in Washington D.C. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

Proxy Voting

The Portfolio's Investment Manager, Sub-Adviser and Fixed Income Sub-Adviser have each adopted written proxy voting policies and procedures ("Proxy Policy") as required by Rule 206(4)-6 under the Investment Advisers Act of 1940. The Proxy Policy has been adopted by the Portfolio as the policies and procedures that the Sub-Adviser will use when voting proxies on behalf of the Portfolio. Copies of the written Proxy Policy and the factors that the Sub-Adviser may consider in determining how to vote proxies for the Portfolio, and information about how the Portfolio voted proxies relating to portfolio securities held during the most recent twelve-month period ended June 30, are available without charge, upon request, by calling (800) 628-1237 and on the SEC's website at www.sec.gov.

The following disclosure provides important information regarding the Shareholder's Expense Example, which appears on the following page. Please refer to this information when reviewing the Shareholder Expense Example.

Shareholder Expense Example

Portfolio Shareholders incur two types of costs: (1) transaction costs, and (2) ongoing costs, including management fees and other Portfolio expenses. The Shareholder Expense Example is intended to help shareholders understand ongoing costs (in dollars) of investing in the Portfolio and to compare these costs with the ongoing costs of investing in other mutual funds. The Shareholder Expense Example is based on an investment of $1,000.00 invested at the beginning of the period and held for the entire period indicated, which is from January 1, 2009 to June 30, 2009.

Actual Expenses

The information in the table under the heading "Actual Performance" provides information about actual account values and actual expenses. Shareholders may use the information in these columns, together with the amount invested, to estimate the expenses that were paid over the period. Simply divide your account value by $1,000.00 (for example, an $8,600.00 account value divided by $1,000.00 = $8.60), then multiply the result by the number in the column entitled "Expenses Paid" to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The information in the table under the heading "Hypothetical Performance (5% return before expenses)" provides information about hypothetical account values and hypothetical expenses based on the Portfolio's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Portfolio's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses that were paid for the period. Shareholders may use this information to compare the ongoing costs of investing in the Portfolio and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight ongoing costs only and do not reflect any transactional costs. Therefore, the information under the heading "Hypothetical Performance (5% return before expenses)" is useful in comparing ongoing costs only, and will not help determine the relative total costs of owning different funds. In addition, if these transactional costs were included, costs would have been higher.

Expense ratios may vary from period to period due to fluctuation in Portfolio size and expenses.

Premier VIT—OpCap Managed Portfolio

(unaudited)

- OpCap Managed Portfolio seeks growth of capital over time through investment in a portfolio consisting of common stocks, bonds and cash equivalents, the percentages of which will vary based on the managers' assessment of the relative outlook for such investments.

- The equity portion of the Portfolio and its benchmark, the Standard & Poor's 500 Index, advanced during the six-month reporting period. An overweighting in technology stocks along with stock selection decisions in the industrials, energy and materials sectors benefited Portfolio returns relative to the benchmark. Underweight positions and stock selection decisions in the consumer discretionary and financials sectors detracted from relative returns.

- U.S. equity markets changed course during the six-month reporting period, striking a bottom in March 2009 after nearly 18 months of declines that reached historic proportions. For the broad U.S. equity market corporations reported better-than-expected profits and improving business outlooks during the period and investors began to anticipate an economic recovery. Among large-cap stocks, technology, consumer discretionary and materials companies contributed most significantly to gains during the six-month reporting period.

- A broad and robust recovery among technology stocks boosted returns. Portfolio positions in Apple Computer, Google, enterprise software firm Oracle, computer chip giant Intel and networking equipment maker Cisco Systems all contributed positively to relative returns. Apple reported its best non-holiday quarter revenue and earnings in its history as iPhone sales helped the company to beat forecasts.

- Continued weakness in financials contributed negatively to the Portfolio returns. Shares of Bank of America and Fidelity National Title (which was sold), underperformed.

Total Returns for the periods ended 6/30/09 (*Average Annual Total Return)

	Six Months	1 Year	5 Year*	10 Year*
OpCap Managed Portfolio	**6.23%**	**(15.94)%**	**(0.60)%**	**0.29%**
S&P 500 Index†	3.16%	(26.21)%	(2.24)%	(2.22)%

Performance quoted represents past performance. Past performance is no guarantee of future results. Investment return and the principal value of an investment will fluctuate. Shares may be worth more or less than original cost when redeemed. Current performance may be lower or higher than performance shown. For performance current to the most recent month-end, please visit http://www.allianzinvestors.com/PremierVIT. Total return calculations do not reflect the deduction of additional charges imposed in connection with investing in variable contracts and assume reinvestment of all dividends and distributions. Total return for a period of less than one year is not annualized.

† *It is not possible to invest directly in an Index.*

Shareholder Expense Example for the period ended 6/30/09

	Beginning Value	Ending Value	Expenses Paid
Actual Performance	$1,000.00	$1,062.30	$5.11
Hypothetical Performance (5% return before expenses)	$1,000.00	$1,019.84	$5.01

Expenses are equal to the Portfolio's annualized expense ratio of 1.00%, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the number of days in the period).

Top Ten Industries at 6/30/09 (equity securities)

(% of net assets)

Oil, Gas & Consumable Fuels	6.9%
Pharmaceuticals	5.6%
Software	4.7%
Semiconductors & Semiconductor Equipment	4.3%
Biotechnology	3.7%
Computers & Peripherals	3.4%
Aerospace & Defense	3.1%
Beverages	2.9%
Diversified Financial Services	2.8%
Road & Rail	2.3%

Premier VIT
OpCap Managed Portfolio
SCHEDULE OF INVESTMENTS

June 30, 2009
(unaudited)

Shares		Value
	COMMON STOCK — 55.3%	
	Aerospace & Defense — 3.1%	
29,200	General Dynamics Corp.	$1,617,388
23,200	Lockheed Martin Corp.	1,871,080
		3,488,468
	Beverages — 2.9%	
41,600	Coca-Cola Co.	1,996,384
25,000	PepsiCo, Inc.	1,374,000
		3,370,384
	Biotechnology — 3.7%	
19,900	Genzyme Corp. (i)	1,107,833
66,600	Gilead Sciences, Inc. (i)	3,119,544
		4,227,377
	Capital Markets — 0.6%	
3,800	BlackRock, Inc.	666,596
	Chemicals — 1.1%	
16,500	Monsanto Co.	1,226,610
	Communications Equipment — 1.1%	
66,700	Cisco Systems, Inc. (i)	1,243,288
	Computers & Peripherals — 3.4%	
27,300	Apple, Inc. (i)	3,888,339
	Consumer Finance — 0.9%	
102,000	SLM Corp. (i)	1,047,540
	Diversified Financial Services — 2.8%	
94,400	JPMorgan Chase & Co.	3,219,984
	Energy Equipment & Services — 1.3%	
78,300	Weatherford International Ltd. (i)	1,531,548
	Food Products — 0.7%	
21,500	Nestle S.A. ADR	808,830
	Health Care Providers & Services — 1.2%	
54,700	Aetna, Inc.	1,370,235
	Household Products — 0.8%	
16,900	Energizer Holdings, Inc. (i)	882,856
	Insurance — 0.5%	
17,500	Aflac, Inc.	544,075
	Internet Software & Services — 2.3%	
6,200	Google, Inc., Class A (i)	2,613,858
	IT Services — 1.1%	
38,800	Accenture Ltd., Class A	$1,298,248
	Machinery — 0.6%	
139,800	Manitowoc Co., Inc.	735,348
	Metals & Mining — 0.7%	
15,400	Freeport-McMoRan Copper & Gold, Inc.	771,694
	Oil, Gas & Consumable Fuels — 6.9%	
14,000	Chevron Corp.	927,500
44,700	ConocoPhillips	1,880,082
32,200	EOG Resources, Inc.	2,187,024
32,600	PetroHawk Energy Corp. (i)	726,980
56,800	XTO Energy, Inc.	2,166,352
		7,887,938
	Pharmaceuticals — 5.6%	
65,100	Merck & Co., Inc.	1,820,196
91,800	Teva Pharmaceutical Industries Ltd. ADR	4,529,412
		6,349,608
	Road & Rail — 2.3%	
14,700	Norfolk Southern Corp.	553,749
40,600	Union Pacific Corp.	2,113,636
		2,667,385
	Semiconductors & Semiconductor Equipment — 4.3%	
165,000	Applied Materials, Inc.	1,810,050
186,300	Intel Corp.	3,083,265
		4,893,315
	Software — 4.7%	
122,000	Microsoft Corp.	2,899,940
116,200	Oracle Corp.	2,489,004
		5,388,944
	Specialty Retail — 1.2%	
24,800	Home Depot, Inc.	586,024
37,500	Lowe's Cos., Inc.	727,875
		1,313,899
	Textiles, Apparel & Luxury Goods — 0.8%	
17,600	Nike, Inc., Class B	911,328
	Tobacco — 0.7%	
49,600	Altria Group, Inc.	812,944
	Total Common Stock (cost-$68,102,134)	63,160,639

Premier VIT
OpCap Managed Portfolio
SCHEDULE OF INVESTMENTS

June 30, 2009
(unaudited) (continued)

Principal Amount (000)		Value
	U.S. GOVERNMENT AGENCY SECURITIES — 35.9%	
	Fannie Mae,	
$100	zero coupon, 10/9/19	$50,910
	Fannie Mae, CMO, FRN,	
236	0.374%, 7/25/37	208,913
73	4.631%, 5/25/35	73,246
	Fannie Mae, MBS,	
44	2.838%, 9/1/40, FRN	44,033
620	4.121%, 5/1/36, FRN	622,399
105	4.805%, 8/1/35, FRN	108,157
18	4.845%, 9/1/39, FRN	17,766
242	5.00%, 6/1/18 (h)	253,722
467	5.00%, 1/1/20	488,039
650	5.00%, 4/1/21	675,315
453	5.00%, 10/1/23	468,949
468	5.00%, 12/1/23	485,153
18	5.00%, 5/1/36	18,497
1,500	5.00%, TBA (e)	1,552,032
34	5.50%, 6/1/16	35,441
61	5.50%, 1/1/17	64,829
64	5.50%, 3/1/17	67,352
14	5.50%, 9/1/20	14,460
19	5.50%, 7/1/21	19,568
305	5.50%, 11/1/21	319,690
692	5.50%, 2/1/22	725,743
335	5.50%, 9/1/23	351,018
149	5.50%, 6/1/38	154,619
4,500	5.50%, 12/1/38	4,651,576
5,500	5.50%, TBA (e)	5,677,034
175	6.00%, 6/1/16	186,082
3	6.00%, 7/1/16	2,779
3	6.00%, 8/1/16	3,237
7	6.00%, 10/1/16	7,270
117	6.00%, 12/1/16	124,852
5	6.00%, 1/1/17	5,291
4	6.00%, 2/1/17	4,597
18	6.00%, 3/1/17	18,872
59	6.00%, 4/1/17	62,621
15	6.00%, 5/1/17	15,813
3	6.00%, 7/1/17	3,728
56	6.00%, 11/1/17	59,643
124	6.00%, 3/1/27	130,739
335	6.00%, 8/1/27	352,121
409	6.00%, 12/1/37	427,965
1,944	6.00%, 5/1/38	2,034,308
478	6.00%, 6/1/38	500,082

Principal Amount (000)		Value
	Federal Home Loan Banks,	
$100	3.375%, 6/24/11	$103,714
	Freddie Mac,	
700	0.926%, 5/4/11, FRN	701,420
400	0.937%, 8/5/11, FRN	399,896
500	1.125%, 6/1/11	499,036
1,700	1.625%, 4/26/11	1,712,942
800	5.00%, 4/18/17	873,351
	Freddie Mac, CMO,	
188	0.469%, 7/15/19, FRN	184,740
187	0.469%, 8/15/19, FRN	183,662
450	0.469%, 10/15/20, FRN	441,020
25	0.769%, 11/15/30, FRN	24,750
151	6.00%, 8/15/32	159,721
150	6.00%, 9/15/32	158,677
	Freddie Mac, MBS,	
3	4.751%, 7/1/30, FRN	2,776
119	5.00%, 11/1/18	124,441
2,000	5.50%, 7/1/38	2,067,369
45	6.00%, 3/1/16	47,970
339	6.00%, 9/1/27	355,962
1,800	6.00%, TBA (e)	1,878,188
	Freddie Mac Structured Pass Through Securities, CMO, FRN,	
27	2.639%, 2/25/45	25,699
	Ginnie Mae, CMO, FRN,	
17	0.815%, 9/20/30	16,540
	Ginnie Mae, MBS,	
97	3.75%, 2/20/32, FRN	98,258
36	4.125%, 10/20/29, FRN	37,093
52	4.625%, 7/20/30, FRN	53,167
250	5.375%, 5/20/30, FRN	257,998
9	6.00%, 11/20/28	9,641
3	6.00%, 11/20/31	2,833
391	6.00%, 6/20/34	407,358
	Small Business Administration Participation Certificates,	
865	4.524%, 2/10/13	885,143
1,320	4.625%, 2/1/25, ABS	1,361,478
1,342	4.684%, 9/10/14, ABS	1,371,460
1,024	4.87%, 12/1/24, ABS	1,063,309
2,408	4.90%, 1/1/23, ABS	2,502,633
1,148	4.95%, 3/1/25, ABS	1,197,089
717	5.11%, 4/1/25, ABS	746,193
9	7.449%, 8/1/10	9,393
	Total U.S. Government Agency Securities (cost-$40,351,335)	41,053,381

Principal Amount (000)		Credit Rating (Moody's/S&P)	Value
	CORPORATE BONDS & NOTES — 13.3%		
	Airlines — 1.6%		
	United Air Lines, Inc. (b)(f),		
$1,861	8.03%, 1/1/13 . .	B3/B	$1,842,201
269	11.56%, 5/27/24 (a)(b)(d)(j)	NR/NR	485
			1,842,686
	Banking — 2.5%		
100	ANZ National International Ltd. (a)(d), 6.20%, 7/19/13 .	Aa2/AA	103,017
200	Bank of America Corp., 6.00%, 9/1/17 . .	A2/A	181,841
80	Barclays Bank PLC (a)(b)(d)(j), 10.179%, 6/12/21	Baa1/A+	85,501
100	Citibank NA 1.625%, 3/30/11	Aaa/AAA	100,782
200	Citigroup, Inc., 2.125%, 4/30/12	Aaa/AAA	200,878
400	GMAC LLC (a)(d), 7.50%, 12/31/13	Ca/CCC	310,000
	Lloyds TSB Bank PLC (a)(d),		
100	2.30%, 4/1/11 . .	Aaa/AAA	100,814
500	2.80%, 4/2/12 . .	Aaa/AAA	506,221
100	Morgan Stanley, 3.25%, 12/1/11 .	Aaa/AAA	103,738
100	Resona Bank Ltd., FRN (a)(d)(g), 5.85%, 4/15/16 .	A2/BBB	75,500
100	Royal Bank of Scotland PLC (a)(d), 3.00%, 12/9/11 .	Aaa/AAA	102,110
€100	Societe Financement de l'Economie Francaise, 2.125%, 5/20/12	Aaa/AAA	140,153
	Wachovia Corp.,		
$100	0.749%, 3/15/11, FRN	A1/AA-	96,499
100	5.625%, 10/15/16	A2/A+	95,531
200	5.75%, 2/1/18 . .	A1/AA-	196,421
100	Wells Fargo & Co., FRN (g), 7.98%, 3/15/18 .	NR/A-	83,000
400	Wells Fargo Bank, 4.75%, 2/9/15 . .	Aa3/AA-	379,295
			2,861,301
	Energy — 0.4%		
300	General Electric Co., 5.25%, 12/6/17 .	Aa2/AA+	294,613
100	NGPL PipeCo LLC (a)(d), 6.514%, 12/15/12	Baa3/BBB-	104,819
			399,432

Principal Amount (000)		Credit Rating (Moody's/S&P)	Value
	Financial Services — 6.0%		
$100	Allstate Life Global Funding Trusts, 5.375%, 4/30/13	A1/AA-	$103,399
200	American Express Co., 7.00%, 3/19/18 .	A3/BBB+	194,208
	American Express Credit Corp.,		
200	0.459%, 10/4/10, FRN	A2/BBB+	192,534
100	5.875%, 5/2/13 .	A2/BBB+	99,297
	Bear Stearns Cos., Inc.,		
200	6.40%, 10/2/17 .	Aa3/A+	200,355
200	6.95%, 8/10/12 .	Aa3/A+	217,371
€100	CIT Group, Inc., 5.00%, 5/13/14 .	Ba2/BB-	76,444
$1,200	Citigroup Capital XXI, (converts to FRN on 12/21/37), 8.30%, 12/21/77	Baa3/CC	935,790
	Citigroup, Inc.,		
200	zero coupon, 4/30/18, (g), ...	Ca/C	150,014
100	5.50%, 8/27/12 .	A3/A	96,903
100	5.50%, 4/11/13 .	A3/A	93,724
100	5.85%, 7/2/13 . .	A3/A	94,592
€200	Countrywide Financial Corp., FRN, 1.659%, 11/23/10	A2/A	270,515
$100	Ford Motor Credit Co. LLC, 3.889%, 1/13/12, FRN	Caa1/CCC+	77,375
150	7.25%, 10/25/11	Caa1/CCC+	129,741
	General Electric Capital Corp.,		
500	2.25%, 3/12/12 .	Aaa/AAA	504,424
200	3.00%, 12/9/11 .	Aaa/AAA	206,330
100	5.875%, 1/14/38	Aa2/AA+	79,139
100	6.875%, 1/10/39	Aa2/AA+	90,011
	Goldman Sachs Group, Inc.,		
400	5.625%, 1/15/17	A2/A-	380,165
100	6.15%, 4/1/18 . .	A1/A	97,358
500	6.75%, 10/1/37 .	A2/A-	444,497
1,000	HSBC Capital Funding L.P., FRN (a)(d)(g), 9.547%, 6/30/10	A3/A-	932,546
	JPMorgan Chase & Co.,		
100	6.00%, 1/15/18 .	Aa3/A+	99,341
100	7.90%, 4/30/18, FRN (g)	A2/BBB+	87,510
€100	LeasePlan Corp. NV, 3.125%, 2/10/12	Aaa/AAA	142,274
$300	Lehman Brothers Holdings, Inc. (f), 5.625%, 1/24/13	NR/NR	45,375

Principal Amount (000)		Credit Rating (Moody's/S&P)	Value
	CORPORATE BONDS & NOTES (continued)		
	Financial Services (continued)		
	Merrill Lynch & Co., Inc.,		
$200	1.292%, 7/25/11, FRN	A2/A	$185,196
100	6.875%, 4/25/18 . .	A2/A	92,556
400	Morgan Stanley, 6.75%, 4/15/11 .	A2/A	419,027
£100	SMFG Preferred Capital Ltd., FRN (g), 6.164%, 1/25/17 .	A2/BBB+	111,895
			6,849,906
	Healthcare & Hospitals — 0.7%		
$300	Amgen, Inc., 6.90%, 6/1/38 . .	A3/A+	339,985
200	Novartis Capital Corp., 4.125%, 2/10/14	Aa2/AA-	205,874
100	Roche Holdings, Inc. (a)(d), 7.00%, 3/1/39 . .	A2/AA-	115,933
100	UnitedHealth Group, Inc., 4.875%, 2/15/13	Baa1/A-	101,079
			762,871
	Insurance — 0.3%		
	American International Group, Inc.,		
€100	4.00%, 9/20/11 .	A3/A-	93,995
$200	8.25%, 8/15/18 (a)(d) . . .	A3/A-	117,702
	Principal Life Income Funding Trusts,		
100	5.30%, 4/24/13 .	Aa3/A+	99,770
100	5.55%, 4/27/15 .	Aa3/A+	98,867
			410,334
	Oil & Gas — 1.1%		
200	Petroleos Mexicanos (a)(d), 8.00%, 5/3/19 . .	Baa1/BBB+	217,000
500	Sonat, Inc., 7.625%, 7/15/11 .	Ba3/BB-	489,916
400	Suncor Energy, Inc., 6.10%, 6/1/18 . .	Baa1/BBB+	402,125
100	TransCanada Pipelines Ltd., 7.625%, 1/15/39 .	A3/A-	116,710
			1,225,751
	Telecommunications — 0.4%		
20	AT&T, Inc., 4.95%, 1/15/13 .	A2/A	20,800
50	Qwest Corp., 7.50%, 6/15/23 .	Ba1/BBB-	39,750
400	Verizon Wireless Capital LLC (a)(d), 5.25%, 2/1/12 . .	A2/A	421,865
			482,415
	Utilities — 0.3%		
	Electricite De France S.A. (a)(d),		
$100	5.50%, 1/26/14 .	Aa3/A+	$107,663
100	6.50%, 1/26/19 .	Aa3/A+	109,522
100	6.95%, 1/26/39 .	Aa3/A+	112,271
			329,456
	Total Corporate Bonds & Notes (cost-$15,207,666)		15,164,152
	MORTGAGE-BACKED SECURITIES — 1.6%		
170	Banc of America Funding Corp., CMO, FRN, 3.781%, 5/25/35 .	NR/AAA	144,111
47	Bear Stearns Alt-A Trust, CMO, VRN, 5.49%, 9/25/35 .	Ba1/AAA	25,424
100	Bear Stearns Commercial Mortgage Securities, Inc., CMO, 5.703%, 6/11/50 .	NR/AAA	89,214
62	Countrywide Home Loan Mortgage Pass Through Trust, CMO, FRN, 5.25%, 2/20/36 .	Baa3/AAA	41,990
1,300	Credit Suisse Mortgage Capital Certificates, CMO, VRN, 6.213%, 2/15/41 .	NR/AAA	937,630
87	Greenpoint Mortgage Pass-Through Certificates, CMO, FRN, 4.826%, 10/25/33	NR/AAA	66,006
100	GS Mortgage Securities Corp. II, CMO, VRN, 5.993%, 8/10/45 .	Aaa/AAA	75,567
98	Harborview Mortgage Loan Trust, CMO, VRN, 5.143%, 7/19/35 .	Baa2/AAA	56,805
200	JPMorgan Chase Commercial Mortgage Securities Corp., CMO, 5.44%, 6/12/47 .	Aaa/AAA	150,601
100	Morgan Stanley Capital I, CMO, VRN, 6.076%, 6/11/49 .	NR/AAA	75,310
	Prime Mortgage Trust, CMO, FRN,		
10	0.714%, 2/25/19 .	NR/AAA	9,358
29	0.714%, 2/25/34 .	NR/AAA	23,489
100	Wachovia Bank Commercial Mortgage Trust, CMO, VRN, 5.416%, 1/15/45 .	Aaa/AAA	78,632
	Total Mortgage-Backed Securities (cost-$2,014,512)		1,774,137

Premier VIT
OpCap Managed Portfolio
SCHEDULE OF INVESTMENTS

June 30, 2009
(unaudited) (continued)

Principal Amount (000)		Credit Rating (Moody's/S&P)	Value
	MUNICIPAL BONDS & NOTES — 1.0%		
	Illinois — 0.4%		
$100	Chicago Transit Auth. Rev., Ser. B, 6.899%, 12/1/40 .	Aa3/AA+	$107,007
300	State Toll Highway Auth. Rev., Ser. B, 5.50%, 1/1/33 . .	Aa3/AA-	310,686
			417,693
	North Carolina — 0.2%		
200	Capital Facs. Finance Agcy. Rev., Duke Univ. Project, Ser. B, 5.00%, 10/1/38 .	Aa1/AA+	203,224
	Texas — 0.3%		
360	Lower Colorado River Auth. Rev. (AMBAC), 5.00%, 5/15/33 .	A1/A	330,746
	(Pre-refunded @ $100, 5/15/13) (c),		
25	5.00%, 5/15/33 .	Aa3/A	28,108
15	5.00%, 5/15/33 .	A1/A	16,865
			375,719
	Washington — 0.1%		
200	State, GO, Ser. F (NPFGC), zero coupon, 12/1/20	Aa1/AA+	117,490
	Total Municipal Bonds & Notes (cost-$1,084,362)		1,114,126

Shares		Credit Rating (Moody's/S&P)	Value
	PREFERRED STOCK — 0.5%		
	Automobiles — 0.0%		
4,000	General Motors Corp., 5.25%, Class B (f)	NR/NR	10,500
	Financial Services — 0.5%		
68	DG Funding Trust, 1.343%, FRN (a)(b)(d) . .	Aaa/AAA	586,500
	Total Preferred Stock (cost-$729,026)		597,000

Principal Amount (000)		Credit Rating (Moody's/S&P)	Value
	ASSET-BACKED SECURITIES — 0.5%		
$370	Citigroup Mortgage Loan Trust, Inc., FRN, 0.424%, 3/25/37 .	Baa2/AAA	255,839
	SLM Student Loan Trust, FRN,		
217	1.082%, 10/27/14	Aaa/AAA	215,458
100	1.082%, 10/25/18	Aaa/AAA	99,402
	Total Asset-Backed Securities (cost-$686,856)		570,699

Shares		Credit Rating (Moody's/S&P)	Value
	CONVERTIBLE PREFERRED STOCK — 0.3%		
	Banking — 0.2%		
300	Wells Fargo & Co., Class A, 7.50%, 12/31/49 .	Ba3/A-	$235,491
	Insurance — 0.1%		
6,600	American International Group, Inc., 8.50%, 8/1/11 . .	Ba2/NR	62,832
	Total Convertible Preferred Stock (cost-$508,156)		298,323

Principal Amount (000)		Credit Rating (Moody's/S&P)	Value
	SHORT-TERM INVESTMENTS — 3.1%		
	Corporate Notes — 1.9%		
	Banking — 1.0%		
$300	ICICI Bank Ltd., FRN (a)(d), 1.679%, 1/12/10 .	Baa2/BBB-	294,000
100	KeyBank NA, FRN (a)(d), 2.906%, 6/2/10 .	A2/A	97,083
800	Korea Development Bank, FRN, 1.317%, 4/3/10 .	A2/A	783,144
			1,174,227
	Financial Services — 0.6%		
500	Bear Stearns Cos., Inc., FRN, 0.843%, 8/21/09 .	Aa3/A+	500,366
100	Countrywide Financial Corp., 4.50%, 6/15/10 .	A2/A	99,002
100	Morgan Stanley, FRN, 3.006%, 5/14/10 .	A2/A	99,708
			699,076
	Oil & Gas — 0.3%		
300	Gazprom AG, 10.50%, 10/21/09	A3/BBB	307,875
	Total Corporate Notes (cost-$2,198,388)		2,181,178
	Repurchase Agreements — 1.2%		
800	JPMorgan Chase & Co., dated 6/30/09, 0.01%, due 7/1/09, proceeds $800,000; collateralized by U.S. Treasury Note, 2.00%, due 11/30/13, valued at $819,524 including accrued interest . . .		800,000

Premier VIT
OpCap Managed Portfolio
SCHEDULE OF INVESTMENTS

June 30, 2009
(unaudited) (continued)

Principal Amount (000)		Value
$606	State Street Bank & Trust Co., dated 6/30/09, 0.01%, due 7/1/09, proceeds $606,000; collateralized by Federal Home Loan Bank, 5.50%, due 7/15/36, valued at $622,294 including accrued interest . . .	$606,000
	Total Repurchase Agreements (cost-$1,406,000)	1,406,000
	Total Short-Term Investments (cost-$3,604,388)	3,587,178

Contracts/ Notional Amount		Value
	OPTIONS PURCHASED (i) — 0.6%	
	Call Options — 0.6%	
	2-Year Interest Rate Swap (OTC), Pay 3-Month USD-LIBOR Floating Rate Index,	
1,200,000	strike rate 3.45%, expires 8/3/09	43,019
2,300,000	strike rate 3.60%, expires 7/2/09	93,534
13,400,000	strike rate 3.85%, expires 8/3/09	585,663
	Total Options Purchased (cost-$181,919)	722,216
	Total Investments before options written and short sales (cost-$132,470,354) — 112.1%	128,041,851
	OPTIONS WRITTEN (i) — (0.0)%	
	Put Options — (0.0)%	
	7-Year Interest Rate Swap (OTC), Pay 3-Month USD-LIBOR Floating Rate Index,	
1,700,000	strike rate 4.55%, expires 8/3/09	(2,336)
	Financial Futures Euro— 90 day (CME),	
6	strike price $98.50, expires 9/14/09	(263)
6	strike price $98.625, expires 9/14/09	(300)
	Total Options Written (premiums received-$9,918) .	(2,899)

Principal Amount (000)			Value
	SHORT SALES — (2.3)%		
$2,500	Fannie Mae, MBS, 6.00%, TBA (e) (proceeds received-$2,592,812)		$(2,612,500)
	Total Investments net of options written and short sales (cost-$129,867,624)	109.8%	125,426,452
	Other liabilities in excess of other assets	(9.8)%	(11,227,650)
	Net Assets	100.0%	$114,198,802

Notes to Schedule of Investments:

(a) Private Placement—Restricted as to resale and may not have a readily available market. Securities with an aggregate value of $4,500,552, representing 3.94% of net assets.

(b) Illiquid security.

(c) Pre-refunded bonds are collateralized by U.S. Government or other eligible securities which are held in escrow and used to pay principal and interest and retire the bonds at the earliest refunding date (payment date) and/or whose interest rates vary with changes in a designated base rate (such as the prime interest rate).

(d) 144A Security—Exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, typically only to qualified institutional buyers. Unless otherwise indicated, these securities are not considered to be illiquid.

(e) When-issued or delayed-delivery security.

(f) In default.

(g) Perpetual maturity security. Maturity date shown is the first call date. Interest rate is fixed until the first call date and variable thereafter.

(h) All or partial amount segregated as collateral for futures contracts.

(i) Non-income producing.

(j) Fair-Valued—Securities with an aggregate value of $85,896, representing less than 0.08% of net assets.

Premier VIT
OpCap Managed Portfolio
SCHEDULE OF INVESTMENTS

June 30, 2009
(unaudited) (continued)

Glossary:

ABS - Asset-Backed Securities
ADR - American Depositary Receipt
AMBAC - insured by American Municipal Bond Assurance Corp.
£ - British Pound
CME - Chicago Mercantile Exchange
CMO - Collateralized Mortgage Obligation
€ - Euro
FRN - Floating Rate Note. The interest rate disclosed reflects the rate in effect on June 30, 2009.
GO - General Obligation Bond
LIBOR - London Inter-Bank Offered Rate
MBS - Mortgage-Backed Securities
NPFGC - insured by National Public Finance Guarantee Corporation
NR - Not Rated
OTC - Over the Counter
TBA - To Be Announced
VRN - Variable Rate Note. Instruments whose interest rates change on specified date (such as a coupon date or interest payment date) and/or whose interest rates vary with changes in a designated base rate (such as the prime interest rate). The interest rate disclosed reflects the rate in effect on June 30, 2009.

See accompanying Notes to Financial Statements

Premier VIT
OpCap Managed Portfolio
STATEMENT OF ASSETS AND LIABILITIES

June 30, 2009
(unaudited)

Assets:	
Investments, at value (cost-$132,470,354)	$128,041,851
Cash (including foreign currency of $170,001 with as cost of $169,273)	89,171
Receivable for investments sold	11,312,520
Dividends and interest receivable	541,657
Unrealized appreciation of swaps	255,227
Deposits with brokers for futures contracts collateral	102,000
Tax reclaims receivable	31,059
Unrealized appreciation of forward foreign currency contracts	29,106
Receivable from broker	13,812
Premium for swaps purchased	13,332
Receivable for shares of beneficial interest sold	951
Prepaid expenses	24,458
Total Assets	140,455,144
Liabilities:	
Payable for investments purchased	22,148,857
Short sales, at value (proceeds received-$2,592,812)	2,612,500
Payable to broker for collateral	650,000
Payable for shares of beneficial interest redeemed	219,303
Unrealized depreciation of swaps	124,266
Deferred trustees' retirement plan payable	113,702
Premium for swaps sold	101,361
Payable to broker	78,016
Unrealized depreciation of forward foreign currency contracts	73,411
Investment management fees payable	50,293
Payable for variation margin on futures contracts	7,119
Options written, at value (premiums received-$9,918)	2,899
Accrued expenses	74,615
Total Liabilities	26,256,342
Net Assets	$114,198,802
Composition of Net Assets:	
Beneficial interest shares of $0.01 par value (unlimited number authorized)	$45,078
Paid-in-capital in excess of par	156,280,106
Undistributed net investment income	999,231
Accumulated net realized loss	(38,809,074)
Net unrealized depreciation of investments, options written, swaps, futures contracts, short sales and foreign currency transactions	(4,316,539)
Net Assets	$114,198,802
Shares outstanding	4,507,783
Net asset value, offering price and redemption price per share	$25.33

See accompanying Notes to Financial Statements

Premier VIT
OpCap Managed Portfolio
STATEMENT OF OPERATIONS

Six Months ended June 30, 2009
(unaudited)

Investment Income:	
Interest	$1,146,443
Dividends (net of foreign withholding taxes of $22,034)	640,077
Total Investment Income	1,786,520
Expenses:	
Investment management fees	442,501
Trustees' fees and expenses	154,473
Custodian and accounting agent fees	47,935
Shareholder communications	31,363
Legal fees	30,127
Audit and tax services	23,892
Transfer agent fees	6,134
Insurance expense	1,616
Miscellaneous	2,210
Total expenses	740,251
Less: investment management fees waived	(187,005)
custody credits earned on cash balances	(82)
Net expenses	553,164
Net Investment Income	1,233,356
Realized and Change in Unrealized Gain (Loss):	
Net realized gain (loss) on:	
Investments	(20,274,370)
Options written	(355,647)
Swaps	(1,265,363)
Futures contracts	816,484
Foreign currency transactions	(198,299)
Net change in unrealized appreciation/depreciation of:	
Investments	24,799,843
Options written	563,712
Swaps	1,767,361
Futures contracts	(819,676)
Short sales	(19,688)
Foreign currency transactions	195,520
Net realized and change in unrealized gain on investments, options written, swaps, futures contracts, short sales and foreign currency transactions	5,209,877
Net increase in net assets resulting from investment operations	$6,443,233

See accompanying Notes to Financial Statements

Premier VIT
OpCap Managed Portfolio
STATEMENT OF CHANGES IN NET ASSETS

	Six Months ended June 30, 2009 (unaudited)	Year ended December 31, 2008
Investment Operations:		
Net investment income	$1,233,356	$3,497,934
Net realized loss on investments, options written, swaps, futures contracts and foreign currency transactions	(21,277,195)	(17,039,027)
Net change in unrealized appreciation/depreciation of investments, options written, swaps, futures contracts, short sales and foreign currency transactions	26,487,072	(40,311,186)
Net increase (decrease) in net assets resulting from investment operations	6,443,233	(53,852,279)
Dividends and Distributions to Shareholders from:		
Net investment income	(2,832,484)	(5,092,684)
Net realized gains	—	(14,227,485)
Total dividends and distributions to shareholders	(2,832,484)	(19,320,169)
Share Transactions:		
Net proceeds from the sale of shares	479,539	1,271,991
Reinvestment of dividends and distributions	2,832,484	19,320,169
Cost of shares redeemed	(11,456,038)	(36,177,361)
Net decrease in net assets from share transactions	(8,144,015)	(15,585,201)
Total decrease in net assets	(4,533,266)	(88,757,649)
Net Assets:		
Beginning of period	118,732,068	207,489,717
End of period (including undistributed net investment income of $999,231 and $2,598,359, respectively)	$114,198,802	$118,732,068
Shares Issued and Redeemed:		
Issued	19,673	37,339
Issued in reinvestment of dividends and distributions	113,799	611,011
Redeemed	(480,101)	(1,166,069)
Net Decrease	(346,629)	(517,719)

See accompanying Notes to Financial Statements

Premier VIT
OpCap Managed Portfolio
FINANCIAL HIGHLIGHTS

For a share of beneficial interest outstanding throughout each period:

	Six Months ended June 30, 2009 (unaudited)	Year ended December 31, 2008	2007	2006	2005	2004
Net asset value, beginning of period	$24.46	$38.62	$41.48	$43.08	$42.73	$39.13
Investment Operations:						
Net investment income	0.33	0.81	0.73	0.81	0.65	0.48
Net realized and change in unrealized gain (loss) on investments, options written, swaps, futures contracts, short sales and foreign currency transactions	1.18	(10.99)	0.48	2.96	1.55	3.70
Total from investment operations	1.51	(10.18)	1.21	3.77	2.20	4.18
Dividends and Distributions to Shareholders from:						
Net investment income	(0.64)	(1.05)	(0.93)	(0.75)	(0.50)	(0.58)
Net realized gains	—	(2.93)	(3.14)	(4.62)	(1.35)	—
Total dividends and distributions to shareholders	(0.64)	(3.98)	(4.07)	(5.37)	(1.85)	(0.58)
Net asset value, end of period	$25.33	$24.46	$38.62	$41.48	$43.08	$42.73
Total Return (1)	6.23%	(28.69)%	2.76%	9.65%	5.28%	10.77%
Ratios/Supplemental data:						
Net assets, end of period (000)	$114,199	$118,732	$207,490	$258,188	$329,661	$381,054
Ratio of expenses to average net assets (2)	1.00%(3)(4)	1.00%(3)	0.95%	0.95%	0.91%	0.92%
Ratio of net investment income to average net assets	2.23%(3)(4)	2.16%(3)	1.46%	1.75%	1.41%	1.09%
Portfolio turnover	138%	200%	159%	151%	171%	111%

(1) Assumes reinvestment of all dividends and distributions. Total return for a period of less than one year is not annualized.

(2) Inclusive of custody expenses offset by credits earned on cash balances at the custodian bank (See (1)(K) in Notes to Financial Statements).

(3) During the periods indicated above, the Investment Manager waived a portion of its fees. If such waivers had not been in effect, the ratio of expenses to average net assets and ratio of net investment income to average net assets would have been 1.34% (annualized) and 1.89% (annualized), respectively, for the six months ended June 30, 2009 and 1.02% and 2.14%, respectively, for the year ended December 31, 2008.

(4) Annualized.

(1) Organization and Significant Accounting Policies

Premier VIT (the "Trust"), was organized on May 12, 1994 as a Massachusetts business trust and is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as a diversified, open-end management investment company. The Trust is authorized to issue an unlimited number of shares of beneficial interest at $0.01 par value. The Trust is comprised of: NACM Small Cap Portfolio, NFJ Dividend Value Portfolio, OpCap Managed Portfolio (the "Portfolio") and OpCap Mid Cap Portfolio. Allianz Global Investors Fund Management LLC (the "Investment Manager") serves as the Trust's investment manager. The Investment Manager is an indirect wholly-owned subsidiary of Allianz Global Investors of America L.P. ("Allianz Global"). Allianz Global is an indirect, wholly-owned subsidiary of Allianz SE, a publicly traded European insurance and financial services company.

The Portfolio's objective is to seek growth of capital. It seeks to meet its objective by investing in common stocks, bonds, derivative instruments and cash equivalents, in varying percentages based on Oppenheimer Capital LLC's (the "Sub-Adviser") and Pacific Investment Management Company LLC's (the "Fixed Income Sub-Adviser") assessments of the relative outlook for such investments.

The accompanying financial statements and notes thereto are those of the Portfolio. The financial statements of the other portfolios are presented in separate reports. The Trust is an investment vehicle for separate accounts of various life insurance companies which fund variable annuity and variable life insurance contracts, as well as qualified pension and retirement plans.

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from these estimates.

In the normal course of business, the Trust enters into contracts that contain a variety of representations which provide general indemnifications. The Trust's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet been asserted. However, the Trust expects the risk of any loss to be remote.

The following is a summary of significant accounting policies consistently followed by the Portfolio:

(A) Valuation of Investments

Portfolio securities and other financial instruments for which market quotations are readily available are stated at market value. Market value is generally determined on the basis of last reported sales prices, or if no sales are reported, based on quotes obtained from a quotation reporting system, established market makers, or independent pricing services.

Portfolio securities and other financial instruments for which market quotations are not readily available or if a development/event occurs that may significantly impact the value of a security, are fair-valued, in good faith, pursuant to procedures established by the Board of Trustees, or persons acting at their discretion pursuant to procedures established by the Board of Trustees, including certain fixed income securities which may be valued with reference to securities whose prices are more readily available. The Portfolio's securities and other financial instruments other than debt securities listed on a national securities exchange or traded in the over-the-counter National Market System are valued each business day at the last reported sales price; if there are no such reported sales, the securities are valued at the last quoted bid price. Other Portfolio securities traded over-the-counter and not part of the National Market System are valued at the last quoted bid price. Debt securities (other than short-term obligations) and over-the-counter options are valued each business day by an independent pricing service or dealer quotations. Independent pricing services use information provided by market makers or estimates of market values obtained from yield data relating to investments or securities with similar characteristics. Exchange traded options, futures and options on futures are valued at the settlement price determined by the relevant exchange. Securities purchased on a when-issued or delayed delivery basis are marked to market daily until settlement at the forward

(1) Organization and Significant Accounting Policies (continued)

***(A) Valuation of Investments* (continued)**

settlement value. Short-term securities maturing in 60 days or less are valued at amortized cost, if their original term to maturity was 60 days or less, or by amortizing their value on the 61st day prior to maturity, if their original term to maturity exceeded 60 days. Investments initially valued in currencies other than U.S. dollar are converted to the U.S. dollar using exchange rates obtained from pricing services. As a result, the Net Asset Value ("NAV") of the Portfolio's shares may be affected by changes in the value of currencies in relation to the U.S. dollar. The value of securities traded in markets outside the United States or denominated in currencies other than the U.S. dollar may be affected significantly on a day that the New York Stock Exchange ("NYSE") is closed and the NAV may change on days when an investor is not able to purchase or sell shares. The prices used by the Portfolio to value securities may differ from the value that would be realized if the securities were sold and the differences could be material to the financial statements. The Portfolio's NAV is normally determined daily at the close of regular trading (normally, 4:00 pm Eastern Time) on the NYSE on each day the NYSE is open for business.

(B) Fair Value Measurement

The Portfolio has adopted The Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("FAS 157"). This standard clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value and requires additional disclosures about the use of the fair value measurements. Under this standard, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the "exit price") in an orderly transaction between market participants. The three levels of the fair value hierarchy under FAS 157 are described below:

- Level 1—quoted prices in active markets for identical investments that the Portfolio has the ability to access
- Level 2—valuations based on other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.) or quotes from inactive exchanges
- Level 3—valuations based on significant unobservable inputs (including the Portfolio's own assumptions in determining the fair value of investments)

The Portfolio has adopted FASB Staff Position No. 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability have Significantly Decreased and Identifying Transactions that are not Orderly" ("FAS 157-4").

FAS 157-4 provides guidance on determining when there has been a significant decrease in the volume and level of activity for an asset or liability, when a transaction is not orderly, and how that information must be incorporated into a fair value measurement. FAS 157-4 emphasizes that even if there has been a significant decrease in the volume and level of activity for an asset or liability and regardless of the valuation techniques used, the objective of a fair value measurement remains the same.

An investment asset or liability's level within the fair value hierarchy is based on the lowest level input, individually or in the aggregate, that is significant to fair value measurement.

The valuation techniques used by the Portfolio to measure fair value during the six months ended June 30, 2009 maximized the use of observable inputs and minimized the use of unobservable inputs. The Portfolio utilized the following fair value techniques on Level 3 investments: multi-dimensional relational pricing model and option adjusted spread pricing.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

Premier VIT
OpCap Managed Portfolio
NOTES TO FINANCIAL STATEMENTS

June 30, 2009
(unaudited) (continued)

(1) Organization and Significant Accounting Policies (continued)

(B) Fair Value Measurement (continued)

The following is a summary of the inputs used as of June 30, 2009, in valuing the Portfolio's assets and liabilities. Except for the industries or investment types separately stated below, the total amounts for investments in the table below are presented by industry or investment type in the Portfolio's Schedule of Investments:

	Level 1—Quoted Prices	Level 2—Other Significant Observable Inputs	Level 3—Significant Unobservable Inputs	Value at 6/30/2009
Investments in Securities—Assets				
Common Stock	$63,160,639	—	—	$63,160,639
U.S. Government Agency Securities	—	$41,053,381	—	41,053,381
Corporate Bonds & Notes	—	15,078,166	$85,986	15,164,152
Mortgage-Backed Securities	—	1,774,137	—	1,774,137
Municipal Bonds & Notes	—	1,114,126	—	1,114,126
Preferred Stock	—	597,000	—	597,000
Asset-Backed Securities	—	570,699	—	570,699
Convertible Preferred Stock	298,323	—	—	298,323
Short-Term Investments	—	3,587,178	—	3,587,178
Purchased Options	—	722,216	—	722,216
Total Investments in Securities—Assets	$63,458,962	$64,496,903	$85,986	$128,041,851
Investments in Securities—Liabilities				
Short Sales, at value	—	(2,612,500)	—	(2,612,500)
Other Financial Instruments*	35,825	84,320	—	120,145
Total Investments in Securities	$63,494,787	$61,968,723	$85,986	$125,549,496

* Other Financial Instruments includes Options Written, Credit Default Swap Agreements, Interest Rate Swap Agreements, Futures Contracts and Forward Foreign Currency Transactions.

A roll forward of fair value measurements using significant unobservable inputs (Level 3) at June 30, 2009, were as follows:

	Beginning Balance 12/31/2008	Net Purchases (Sales) and Settlements	Accrued Discounts (Premiums)	Total Realized Gain (Loss)	Total Change in Unrealized Gain (Loss)	Transfers in and/or out of Level 3	Ending Balance 6/30/2009
Investments in Securities—Assets							
Corporate Bonds & Notes	$1,824,078	$80,200	—	—	$23,909	$(1,842,201)	$85,986
Investments in Securities—Liabilities							
Other Financial Instruments*	$33,129	—	—	—	—	$(33,129)	—
Total Investments in Securities	$1,857,207	$80,200	—	—	$23,909	$(1,875,330)	$85,986

* Other Financial Instruments include Interest Rate Swap Agreements.

Realized gain (loss) and unrealized appreciation/depreciation is recorded on the Statement of Operations.

(1) Organization and Significant Accounting Policies (continued)

(C) Investment Transactions and Investment Income

Investment transactions are accounted for on the trade date. Securities purchased and sold on a when-issued or delayed delivery basis may be settled a month or more after the trade date. Realized gains and losses on investments are determined on the identified cost basis. Dividend income is recorded on the ex-dividend date. Interest income is recorded on an accrual basis. Discounts or premiums on debt securities purchased are accreted or amortized, respectively, to interest income over the lives of the respective securities. Payments received from certain investments may be comprised of dividends, realized gains and return of capital. The payments may initially be recorded as dividend income and may subsequently be reclassified as realized gains and/or return of capital upon receipt of information from the issuer. Paydown gains and losses are recorded as interest income on the Statement of Operations.

(D) Federal Income Taxes

The Portfolio intends to distribute all of its taxable income and to comply with the other requirements of the U.S. Internal Revenue Code of 1986, as amended, applicable to regulated investment companies. Accordingly, no provision for U.S. federal income taxes is required.

FASB issued Interpretation No. 48, “Accounting for Uncertainty in Income Taxes—an Interpretation of FASB Statement No. 109” (the “Interpretation”). The Interpretation establishes for all entities, including pass-through entities such as the Portfolio, a minimum threshold for financial statement recognition of the benefit of positions taken in filing tax returns (including whether an entity is taxable in a particular jurisdiction), and requires certain expanded tax disclosures. The Portfolio’s management has determined that its evaluation of the Interpretation has resulted in no material impact to the Portfolio’s financial statements at June 30, 2009. The Portfolio’s federal tax returns for the prior three fiscal years remain subject to examination by the Internal Revenue Service.

(E) Dividends and Distributions to Shareholders

Dividends and distributions to shareholders from net investment income and net realized capital gains, if any, are declared and paid at least annually. The Portfolio records dividends and distributions to its shareholders on the ex-dividend date. The amount of dividends and distributions are determined in accordance with federal income tax regulations, which may differ from generally accepted accounting principles in the United States of America. These “book-tax” differences are considered either temporary or permanent in nature. To the extent these differences are permanent in nature, such amounts are reclassified within the capital accounts based on their federal income tax treatment; temporary differences do not require reclassification. To the extent dividends and/or distributions exceed current and accumulated earnings and profits for federal income tax purposes, they are reported as dividends and/or distributions of paid-in capital in excess of par.

(F) Foreign Currency Translation

The Portfolio’s accounting records are maintained in U.S. dollars as follows: (1) the foreign currency market value of investments and other assets and liabilities denominated in foreign currency are translated at the prevailing exchange rate at the end of the period; and (2) purchases and sales, income and expenses are translated at the prevailing exchange rate on the respective dates of such transactions. The resulting net foreign currency gain or loss is included in the Statement of Operations.

The Portfolio does not generally isolate that portion of the results of operations arising as a result of changes in the foreign currency exchange rates from the fluctuations arising from changes in the market prices of securities. Accordingly, such foreign currency gain (loss) is included in net realized and unrealized gain (loss) on investments. However, the Portfolio does isolate the effect of fluctuations in foreign currency exchange rates when determining the gain or loss upon the sale or maturity of foreign currency denominated debt obligations pursuant to U.S. federal income tax regulations; such amount is categorized as foreign currency gain or loss for both financial reporting and income tax reporting purposes.

(1) Organization and Significant Accounting Policies (continued)

(G) When-Issued/Delayed-Delivery Transactions

The Portfolio may purchase or sell securities on a when-issued or delayed-delivery basis. The transactions involve a commitment to purchase or sell securities for a predetermined price or yield, with payment and delivery taking place beyond the customary settlement period. When delayed-delivery purchases are outstanding, the Portfolio will set aside and maintain until the settlement date in a designated account, liquid assets in an amount sufficient to meet the purchase price. When purchasing a security on a delayed-delivery basis, the Portfolio assumes the rights and risks of ownership of the security, including the risk of price and yield fluctuations; consequently, such fluctuations are taken into account when determining the net asset value. The Portfolio may dispose of or renegotiate a delayed-delivery transaction after it is entered into, and may sell when-issued securities before they are delivered, which may result in a realized gain or loss. When a security is sold on a delayed-delivery basis, the Portfolio does not participate in future gains and losses with respect to the security.

(H) Repurchase Agreements

The Portfolio may enter into transactions with its custodian bank or securities brokerage firms whereby it purchases securities under agreements to resell at an agreed upon price and date ("repurchase agreements"). Such agreements are carried at the contract amount in the financial statements which is considered to represent fair value. Collateral pledged (the securities received), which consists primarily of U.S. government obligations and asset-backed securities, are held by the custodian bank until maturity of the repurchase agreement. Provisions of the repurchase agreements and the procedures adopted by the Portfolio require that the market value of the collateral, including accrued interest thereon, is sufficient in the event of default by the counterparty. If the counterparty defaults and the value of the collateral declines or if the counterparty enters an insolvency proceeding, realization of the collateral by the Portfolio may be delayed or limited.

(I) Short Sales

The Portfolio may engage in short sales for investment and risk management purposes. Short sales are transactions in which a Portfolio sells a security or other instrument (such as an option, forward, future or other derivative contract) that it does not own. When a Portfolio engages in a short sale, it must borrow the security sold short and deliver it to the counterparty. The Portfolio will ordinarily have to pay a fee or premium to borrow a security and be obligated to repay the lender of the security any dividend or interest that accrues on the security during the period of the loan. Short sales expose a Portfolio to the risk that it will be required to cover its short position at a time when the security or other asset has appreciated in value, thus resulting in losses to the Portfolio. A short sale is "against the box" if the Portfolio holds in its portfolio or has the right to acquire the security sold short at no additional cost. The Portfolio will be subject to additional risks to the extent that it engages in short sales that are not "against the box." The Portfolio's loss on a short sale could theoretically be unlimited in cases where the Portfolio is unable, for whatever reason, to close out its short position.

(J) Allocation of Expenses

Expenses specifically identifiable to a particular portfolio are borne by that portfolio. Other expenses are allocated to each portfolio of the Trust based on its net assets in relation to the total net assets of all applicable portfolios of the Trust or another reasonable basis.

(K) Custody Credits Earned on Cash Balances

The Portfolio benefits from an expense offset arrangement with its custodian bank whereby uninvested cash balances earn credits which reduce monthly custodian and accounting agent expenses. Had these cash balances been invested in income producing securities, they would have generated income for the Portfolio.

(1) Organization and Significant Accounting Policies (continued)

(L) Trustees' Retirement Plan

The Trust offers defined benefits to certain prior independent Trustees through the Trust's Retirement Plan for Independent Trustees, (the "Plan"). The Plan is an unfunded non-qualified defined benefit plan under Section 409A of the Internal Revenue Code of 1986 (the "Code"), as amended. Participating trustees receive benefits upon the specified retirement age or event. Obligations of the Plan are expected to be paid from the assets of the Trust. Each Portfolio is allocated a portion of the obligation based on the respective net assets of the Portfolios participating in the Plan. At June 30, 2009, the Portfolio's payable in connection with the Plan was $113,702. A net expense related to the Plan of $140,775 is included in Trustees' fees and expenses on the Statement of Operations.

Summary information for the Plan at the Trust level is as follows, based on the valuation performed on December 31, 2008:

Change in benefit obligation	
Projected benefit obligation at beginning of year	$(527,281)
Benefits paid	30,511
Plan amendment	(246,156)
Interest cost	(28,753)
Actuarial gain/loss	(39,774)
Projected benefit obligation at end of year	$(811,453)
Fund status	$(811,453)
Accumulated benefit obligation/Accrued pension cost	$508,641
Projected benefit payments:	
2009	$662,353
2010	$25,115
2011	$21,930
2012	$19,171
2013	$16,790
2014 to 2018	$57,495
Amount anticipated to be recognized in expense for fiscal year ending 2009:	
Net loss (gain)	$36,043
Prior service cost	246,156
	$282,199

Determination of the projected benefit obligation was based on the following assumptions for the year ended December 31, 2008: discount rate of 4.00%; mortality rate based upon 1994 GAM for Males and Females. The Plan was amended November 1, 2008, to comply with the provisions of Section 409A of the Code. On or prior to December 31, 2008, participants could elect to receive a lump sum benefit. The additional projected benefit of $246,156 will be expensed in 2009.

(2) Principal Risk

In the normal course of business the Portfolio trades financial instruments and enters into financial transactions where risk of potential loss exists due to changes in the market (market risk) or failure of the other party to a transaction to perform (credit risk). The main risks from derivative instruments are interest rate, foreign currency, market price and credit risks.

(2) Principal Risk (continued)

Interest rate risk is the risk that fixed income securities will decline in value because of changes in interest rates. As nominal interest rates rise, the value of certain fixed income securities held by the Portfolio is likely to decrease. A nominal interest rate can be described as the sum of a real interest rate and an expected inflation rate. Fixed income securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. Duration is useful primarily as a measure of the sensitivity of a fixed income's market price to interest rate (*i.e.*, yield) movements.

The Portfolio may have elements of risk, not typically associated with investments in the U.S., due to concentrated investments in specific industries or investments in foreign issuers located in a specific country or region. Such concentrations may subject the Portfolio to additional risks resulting from future political or economic conditions in such country or region and the possible imposition of adverse governmental laws of currency exchange restrictions affecting such country or region, which could cause the securities and their markets to be less liquid and prices more volatile than those of comparable U.S. companies.

If the Portfolio invests directly in foreign currencies or in securities that trade in, and receive revenues in, foreign currencies, or in derivatives that provide exposure to foreign currencies, it will be subject to the risk that those currencies will decline in value relative to the U.S. dollar, or, in the case of hedging positions, that the U.S. dollar will decline in value relative to the currency being hedged. Currency rates in foreign countries may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates, intervention (or the failure to intervene) by U.S. or foreign governments, central banks or supranational entities such as the International Monetary Fund, or by the imposition of currency controls or other political developments in the United States or abroad. As a result, a Portfolio's investments in foreign currency-denominated securities may reduce the returns of the Portfolio.

The market values of equity securities, such as common stocks, preferred stocks or equity related investments such as futures or options, may decline due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors which affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Equity securities and equity related investments generally have greater market price volatility than fixed income securities.

The Portfolio will be exposed to credit risk on parties with whom it trades and will also bear the risk of settlement default. The Portfolio minimizes concentrations of credit risk by undertaking transactions with a large number of customers and counterparties on recognized and reputable exchanges. The Portfolio could lose money if the issuer or guarantor of a fixed income security, or the counterparty to a derivatives contract, repurchase agreement or a loan of portfolio securities, is unable or unwilling to make timely principal and/or interest payments, or to otherwise honor its obligations. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings. Similar to credit risk, the Portfolio may be exposed to counterparty risk, or the risk that an institution or other entity with which the Portfolio has unsettled or open transactions will default. The potential loss could exceed the value of the financial assets recorded in the financial statements. Financial assets, which potentially expose the Portfolio to credit risk, consist in part of cash due from counterparties and investments.

The Fixed Income Sub-Adviser and the Sub-Adviser, seek to minimize the Portfolio's credit risks by performing reviews of each counterparty. All transactions in listed securities are settled/paid for upon delivery using approved counterparties. The risk of default is considered minimal, as delivery of securities sold is only made once the Portfolio has received payment. Payment is made on a purchase once the securities have been delivered by the counterparty. The trade will fail if either party fails to meet its obligation.

The Portfolio is party to International Swaps and Derivatives Association, Inc. Master Agreements ("ISDA Master Agreements") with select counterparties that govern transactions, over-the-counter derivative and foreign exchange contracts, entered into by the Portfolio and those counterparties. The ISDA Master Agreements maintain provisions

(2) Principal Risk (continued)

for general obligations, representations, agreements, collateral and events of default or termination. Events of termination include conditions that may entitle counterparties to elect to terminate early and cause settlement of all outstanding transactions under the applicable ISDA Master Agreement. Any election to terminate early could be material to the financial statements.

The considerations and factors surrounding the settlement of certain purchases and sales made on a delayed-delivery basis are governed by Master Securities Forward Transaction Agreements ("Master Forward Agreements") between the Portfolio and select counterparties. The Master Forward Agreements maintain provisions for, amount other things, initiation and confirmation, payment and transfer, events of default, termination, and maintenance of collateral.

The Portfolio is also a party to Master Repurchase Agreements ("Master Repo Agreements") with select counterparties. The Master Repo Agreements maintain provision for, initiation, income payments, events of default, and maintenance of collateral.

The credit risk associated with favorable contracts is reduced by master netting arrangements to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Portfolio's overall exposure to credit risk subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

(3) Market and Credit Risk

On September 15, 2008, Lehman Brothers Holdings Inc. filed for protection under Chapter 11 of the United States Bankruptcy Code. On September 19, 2008, a proceeding under the Securities Investor Protection Act ("SIPA") was commenced with respect to Lehman Brothers Inc., a broker-dealer. A trustee appointed under SIPA is administering the bankruptcy estate of Lehman Brothers Inc. Lehman Brothers International (Europe) was placed in administration under the UK Insolvency Act on September 15, 2008. Lehman Brothers Special Financing Inc. filed for protection under Chapter 11 of the United States Bankruptcy Code on October 3, 2008. In connection with these filings, the Lehman Brothers group of companies (collectively "Lehman Brothers") will be reorganized and/or liquidated in an orderly fashion, subject to court approval. Each Lehman Brothers entity is a separate legal entity that is subject to its own bankruptcy proceeding.

The Portfolio had select holdings, credit default swap agreements and securities outstanding with Lehman Brothers entities as issuer, referenced entity, counterparty or guarantor at the time the relevant Lehman Brothers entity filed for protection or was placed in administration. The security holdings, credit default swap agreements, foreign currency transactions, securities and derivatives transactions associated with Lehman Brothers, as a counterparty, have been written down to their estimated recoverable values. Anticipated losses for securities and derivatives transactions associated with Lehman Brothers have been incorporated as receivable from broker and payable to broker on the Statement of Assets and Liabilities and net realized gain (loss) on the Statement of Operations. A facilitated auction occurred on October 10, 2008 comprising multiple pre-approved brokerage agencies to determine the estimated recovery rate for holdings and credit default swap agreements with Lehman Brothers Inc. as referenced entity. These recovery rates have been utilized in determining estimated recovery values for certain holdings. Financial assets and liabilities may be offset and the net amount may be reported in the Statement of Assets and Liabilities where there is a legally enforceable right to set off the recognized amounts and the provisions of FASB Interpretation No. 39, "Offsetting of Amounts Related to Certain Contracts" ("FIN 39") have been met.

The Fixed Income Sub-Adviser has delivered notices of default and in some cases, claim notices, to certain entities of Lehman Brothers in accordance with the terms of the applicable agreements. For transactions with Lehman Brothers counterparties, the Fixed Income Sub-Adviser has terminated the trades and has obtained quotations from brokers for replacement trades.

(4) Financial Derivative Instruments

FASB Statement of Financial Accounting Standards No. 161, "Disclosures about Derivative Instruments and Hedging Activities", an amendment of FASB Statement No. 133 ("FAS 161") requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements. The disclosure requirements of FAS 161 distinguish between derivatives which are accounted for as "hedges" and those that do not qualify for such accounting. Although the Portfolio may sometimes use derivatives for hedging purposes, the Portfolio reflects derivatives at fair value and recognizes changes in fair value through the Statement of Operations, and such do not qualify for FAS 161 hedge accounting treatment.

(A) Forward Foreign Currency Contracts

A forward foreign currency contract is an agreement between two parties to buy and sell a currency at a set exchange rate on a future date. The Portfolio may enter into forward foreign currency contracts for the purpose of hedging against foreign currency risk arising from the investment or anticipated investment in securities denominated in foreign currencies. The Portfolio may also enter these contracts for purposes of increasing exposure to a foreign currency or to shift exposure to foreign currency fluctuations from one country to another. The market value of a forward foreign currency contract fluctuates with changes in forward currency exchange rates. All commitments are marked to market daily at the applicable exchange rates and any resulting unrealized appreciation or depreciation is recorded. Realized gains or losses are recorded at the time the forward contract matures or by delivery of the currency. Risks may arise upon entering these contracts from the potential inability of counterparties to meet the terms of their contracts and from unanticipated movements in the value of a foreign currency relative to the U.S. dollar. In addition, these contracts may involve market risk in excess of the unrealized gain or loss reflected in the Portfolio's Statement of Assets and Liabilities.

(B) Futures Contracts

A futures contract is an agreement between two parties to buy and sell a financial instrument at a set price on a future date. The Portfolio may use futures contracts to manage it's exposure to the securities market of the movement in interest rates, and currency values. Upon entering into such a contract, the Portfolio is required to pledge to the broker an amount of cash or securities equal to the minimum "initial margin" requirements of the relevant exchange. Pursuant to the contracts, the Portfolio agrees to receive from or pay to the broker an amount of cash or securities equal to the daily fluctuation in the value of the contracts. Such receipts or payments are known as "variation margin" and are recorded by the Portfolio as unrealized appreciation or depreciation. When the contracts are closed, the Portfolio records a realized gain or loss equal to the difference between the value of the contracts at the time they were opened and the value at the time they were closed. Any unrealized appreciation or depreciation recorded is simultaneously reversed. The use of futures transactions involves the risk of an imperfect correlation in the movements in the price of futures contracts, interest rates and the underlying hedged assets, and the possible inability or unwillingness of counterparties to meet the terms of their contracts.

(C) Option Transactions

The Portfolio purchases and writes (sells) put and call options on securities for hedging purposes, risk management purposes or as part of its investment strategies. The risk associated with purchasing an option is that the Portfolio pays a premium whether or not the option is exercised. Additionally, the Portfolio bears the risk of loss of premium and change in market value should the counterparty not perform under the contract. Put and call options purchased are accounted for in the same manner as portfolio securities. The cost of securities acquired through the exercise of call options is increased by the premiums paid. The proceeds from securities sold through the exercise of put options is decreased by the premiums paid.

(4) Financial Derivative Instruments (continued)

(C) Option Transactions (continued)

When an option is written, the premium received is recorded as an asset with an equal liability which is subsequently marked to market to reflect the current market value of the option written. These liabilities are reflected as options written in the Statement of Assets and Liabilities. Premiums received from writing options which expire unexercised are recorded on the expiration date as a realized gain. The difference between the premium received and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or if the premium is less than the amount paid for the closing purchased transactions, as a realized loss. If a call option written by the Portfolio is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether there has been a realized gain or loss. If a put option written is exercised, the premium reduces the cost basis of the security. In writing an option, the Portfolio bears the market risk of an unfavorable change in the price of the security underlying the written option. Exercise of a written option could result in the Portfolio purchasing a security at a price different from the current market value.

(D) Swap Agreements

Swap agreements are privately negotiated agreements between the Portfolio and a counterparty to exchange or swap investment cash flows, assets, foreign currencies or market-linked returns at specified, future intervals. The Portfolio may enter into credit default, cross- currency, interest rate, total return, variance and other forms of swap agreements in order to manage its exposure to credit, currency and interest rate risk. In connection with these agreements, securities may be identified as collateral in accordance with the terms of the respective swap agreements to provide assets of value and recourse in the event of default or bankruptcy/insolvency.

Payments received or made at the beginning of the measurement period are reflected as such on the Statement of Assets and Liabilities and represent payments made or received upon entering into the swap agreement to compensate for differences between the stated terms of the swap agreement and prevailing market conditions (credit spreads, currency exchange rates, interest rates, and other relevant factors). These upfront payments are recorded as realized gains or losses on the Statement of Operations upon termination or maturity of the swap. A liquidation payment received or made at the termination of the swap is recorded as realized gain or loss on the Statement of Operations. Net periodic payments received or paid by the Portfolio are included as part of realized gains or losses on the Statement of Operations.

Entering into these agreements involves, to varying degrees, elements of credit, legal, market and documentation risk in excess of the amounts recognized on the Statement of Assets and Liabilities. Such risks include the possibility that there will be no liquid market for these agreements, that the counterparties to the agreements may default on their obligation to perform or disagree as to the meaning of contractual terms in the agreements and that there may be unfavorable changes in interest rates.

Credit Default Swap Agreements—Credit default swap agreements involve one party (referred to as the buyer of protection) making a stream of payments to another party (the seller of protection) in exchange for the right to receive a specified return in the event of a default or other credit event for the referenced entity, obligation or index. As a seller of protection on credit default swap agreements, the Portfolio will generally receive from the buyer of protection a fixed rate of income throughout the term of the swap provided that there is no credit event. As the seller, the Portfolio would effectively add leverage to its portfolio because, in addition to its total net assets, the Portfolio would be subject to investment exposure on the notional amount of the swap.

If the Portfolio is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Portfolio will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation, other deliverable obligations or underlying securities comprising

(4) Financial Derivative Instruments (continued)

***(D) Swap Agreements* (continued)**

the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index. If the Portfolio is a buyer of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Portfolio will either (i) receive from the seller of protection an amount equal to the notional amount of the swap and deliver the referenced obligation, other deliverable obligations or underlying securities comprising the referenced index or (ii) receive a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index. Recovery values are assumed by market makers considering either industry standard recovery rates or entity specific factors and considerations until a credit event occurs. If a credit event has occurred, the recovery value is determined by a facilitated auction whereby a minimum number of allowable broker bids, together with a specified valuation method, are used to calculate the settlement value.

Credit default swap agreements on corporate issues or sovereign issues of an emerging country involve one party making a stream of payments to another party in exchange for the right to receive a specified return in the event of a default or other credit event. If a credit event occurs and cash settlement is not elected, a variety of other deliverable obligations may be delivered in lieu of the specific referenced obligation. The ability to deliver other obligations may result in a cheapest-to-deliver option (the buyer of protection's right to choose the deliverable obligation with the lowest value following a credit event). The Portfolio may use credit default swaps on corporate issues or sovereign issues of an emerging country to provide a measure of protection against defaults of the issuers (i.e., to reduce risk where the Portfolio owns or has exposure to the referenced obligation) or to take an active long or short position with respect to the likelihood of a particular issuer's default.

Credit default swap agreements on asset-backed securities involve one party making a stream of payments to another party in exchange for the right to receive a specified return in the event of a default or other credit events. Unlike credit default swaps on corporate issues or sovereign issues of an emerging country, deliverable obligations in most instances would be limited to the specific referenced obligation as performance for asset-backed securities can vary across deals. Prepayments, principal paydowns, and other writedown or loss events on the underlying mortgage loans will reduce the outstanding principal balance of the referenced obligation. These reductions may be temporary or permanent as defined under the terms of the swap agreement and the notional amount for the swap agreement will be adjusted by corresponding amounts. The Portfolio may use credit default swaps on asset-backed securities to provide a measure of protection against defaults of the referenced obligation or to take an active long or short position with respect to the likelihood of a particular referenced obligation's default.

Credit default swap agreements on credit indices involve one party making a stream of payments to another party in exchange for the right to receive a specified return in the event of a write-down, principal shortfall, interest shortfall or default of all or part of the referenced entities comprising the credit index. A credit index is a list of a basket of credit instruments or exposures designed to be representative of some part of the credit market as a whole. These indices are made up of reference credits that are judged by a poll of dealers to be the most liquid entities in the credit default swap market based on the sector of the index. Components of the indices may include, but are not limited to, investment grade securities, high yield securities, asset backed securities, emerging markets, and/or various credit ratings within each sector. Credit indices are traded using credit default swaps with standardized terms including a fixed spread and standard maturity dates. An index credit default swap references all the names in the index, and if there is a default, the credit event is settled based on that name's weight in the index. The composition of the indices changes periodically, usually every six months, and for most indices, each name has an equal weight in the index. The Portfolio may use credit default swaps on credit indices to hedge a portfolio of credit default swaps or bonds with a credit default swap on indices which is less expensive than it would be to buy many credit default

(4) Financial Derivative Instruments (continued)

(D) Swap Agreements (continued)

swap to achieve a similar effect. Credit-default swap on indices are benchmarks for protecting investors owning bonds against default, and traders use them to speculate on changes in credit quality.

Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements on corporate issues or sovereign issues of an emerging country as of period end are disclosed later in the Notes (see 6(c)) and serve as an indicator of the current status of the payment/performance risk and represent the likelihood or risk of default for the credit derivative. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. For credit default swap agreements on asset-backed securities and credit indices, the quoted market prices and resulting values serve as the indicator of the current status of the payment/performance risk. Wider credit spreads and increasing market values, in absolute terms when compared to the notional amount of the swap, represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

The maximum potential amount of future payments (undiscounted) that the Portfolio as a seller of protection could be required to make under a credit default swap agreement would be an amount equal to the notional amount of the agreement. Notional amounts of all credit default swap agreements outstanding as of June 30, 2009 for which the Portfolio is sellers of protection are disclosed later in the Notes (see 6(c)). These potential amounts would be partially offset by any recovery values of the respective referenced obligations, upfront payments received upon entering into the agreement, or net amounts received from the settlement of buy protection credit default swap agreements entered into by the Portfolio for the same referenced entity or entities.

<u>Interest Rate Swap Agreements</u>—Interest rate swap agreements involve the exchange by the Portfolio with a counterparty of their respective commitments to pay or receive interest, e.g., an exchange of floating rate payments for fixed rate payments, with respect to the notional amount of principal. Certain forms of interest rate swap agreements may include: (i) interest rate caps, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates exceed a specified rate, or "cap", (ii) interest rate floors, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates fall below a specified rate, or "floor", (iii) interest rate collars, under which a party sells a cap and purchases a floor or vice versa in an attempt to protect itself against interest rate movements exceeding given minimum or maximum levels, (iv) callable interest rate swaps, under which the counterparty may terminate the swap transaction in whole at zero cost by a predetermined date and time prior to the maturity date, (v) spreadlocks, which allow the interest rate swap users to lock in the forward differential (or spread) between the interest rate swap rate and a specified benchmark, or (vi) basis swap, under which two parties can exchange variable interest rates based on different money markets.

(4) Financial Derivative Instruments (continued)

Fair Value of Derivative Instruments at June 30, 2009,

The following is a summary of the fair valuations of the Portfolio's derivative instruments categorized by risk exposure:

Location	Interest Rate Contracts	Credit Contracts	Foreign Exchange Contracts	Total
Asset Derivatives:				
Unrealized appreciation on swaps	$204,260	$50,967	—	$255,227
Receivable for variation margin on futures contracts*	48,842	—	—	48,842
Unrealized appreciation of forward foreign currency contracts	—	—	$29,106	29,106
Total Asset Derivatives	$253,102	$50,967	$29,106	$333,175
Liability Derivatives:				
Unrealized depreciation on swaps	$(12,476)	$(111,790)	—	$(124,266)
Payable for variation margin on futures contracts*	(12,454)	—	—	(12,454)
Options written, at value	(2,899)	—	—	(2,899)
Unrealized depreciation of forward foreign currency contracts	—	—	$(73,411)	(73,411)
Total Liability Derivatives	$(27,829)	$(111,790)	$(73,411)	$(213,030)

* Includes cumulative appreciation (depreciation) of futures contracts as reported in the Notes to Financial statements. Only current day's variation margin is reported within the Statement of Assets & Liabilities.

The effect of derivative instruments on the Statement of Operations for the six months ended June 30, 2009:

Location	Interest Rate Contracts	Credit Contracts	Foreign Exchange Contracts	Total
Realized Gain (Loss) on:				
Futures contracts	$827,165	—	—	$827,165
Options written	(355,647)	—	—	(355,647)
Swaps	(796,194)	$(469,169)	—	(1,265,363)
Foreign currency transactions	—	—	$(177,986)	(177,986)
Total Realized Loss	$(324,676)	$(469,169)	$(177,986)	$(971,831)
Net change in unrealized appreciation/depreciation of:				
Futures contracts	$(819,676)	—	—	$(819,676)
Options written	563,712	—	—	563,712
Swaps	1,418,088	$349,273	—	1,767,361
Foreign currency transactions	—	—	$190,904	190,904
Total change in unrealized appreciation/depreciation	$1,162,124	$349,273	$190,904	$1,702,301

The volumes indicated in the futures contracts outstanding, options written, credit default swap agreements, interest rate swap agreements and forward foreign currency contracts tables are indicative of the amounts throughout the period.

(5) Investment Manager/Sub-Adviser/Fixed Income Sub-Adviser/Distributor

The Trust, on behalf of the Portfolio, has entered into an Investment Management Agreement (the "Agreement") with the Investment Manager. Subject to the supervision of the Trust's Board of Trustees, the Investment Manager is responsible for managing, either directly or through others selected by it, the Portfolio's investment activities, business affairs and administrative matters. Pursuant to the Agreement, the Investment Manager will receive an annual fee, payable monthly at the annual rate of 0.80% on the first $400 million of the Portfolio's average daily net assets, 0.75% on the next $400 million of average daily net assets and 0.70% of average daily net assets thereafter. The Investment Manager is contractually obligated to waive that portion of the management fee and to reimburse any necessary expenses in order to limit total operating expenses of the Portfolio to 1.00% of average daily net assets (net of custody credits earned on cash balances at the custodian bank) on an annual basis.

The Investment Manager has retained its affiliates, the Sub-Adviser, to manage the Portfolio's equity investments and the Fixed Income Sub-Adviser to manage the Portfolio's fixed-income investments. The Investment Manager and not the Portfolio pays a portion of the fees it receives from the Portfolio to the Sub-Adviser and Fixed Income Sub-Adviser in return for their services.

Allianz Global Investors Distributors LLC (the "Distributor"), an affiliate of the Investment Manager, serves as the distributor of the Trust's shares. Pursuant to a distribution agreement with the Trust, the Investment Manager on behalf of the Portfolio pays the Distributor.

(6) Investments in Securities

For the six months ended June 30, 2009, purchases and sales of securities, other than short-term securities and U.S. government obligations were $25,319,017 and $32,047,578, respectively. Purchases and sales in U.S. government obligations were $161,504,147 and $171,238,207, respectively.

(a) Futures contracts outstanding at June 30, 2009:

Type	Contracts	Market Value (000)	Expiration Date	Unrealized Appreciation (Depreciation)
Long: Euribor Futures	1	$247	12/14/09	$1,005
Euribor Futures	2	494	3/15/10	3,352
Financial Futures British Pound—90 day	1	123	12/16/09	7,795
Financial Futures British Pound—90 day	1	123	3/17/10	777
Financial Futures British Pound—90 day	2	245	6/16/10	(142)
Financial Futures British Pound—90 day	2	243	9/15/10	(1,023)
Financial Futures British Pound—90 day	2	242	12/15/10	(1,829)
Financial Futures British Pound—90 day	1	121	3/16/11	(1,460)
Financial Futures Euro—90 day	2	497	9/14/09	550
Financial Futures Euro—90 day	24	5,946	12/14/09	3,813
Financial Futures Euro—90 day	5	1,235	3/15/10	28,875
Financial Futures Euro—90 day	9	2,215	6/14/10	2,400
Financial Futures Euro—90 day	1	245	9/13/10	275
Financial Futures Euro—90 day	11	2,687	12/13/10	(8,000)
				$36,388

The Portfolio pledged $102,000 in cash as collateral for futures contracts.

(6) Investments in Securities (continued)

(b) Transactions in options written for the six months ended at June 30, 2009:

	Contracts	Notional Amount	Premiums
Options outstanding, December 31, 2008	17	$6,200,000	$197,891
Options written	51	2,700,000	25,796
Options terminated in closing transactions	—	(6,200,000)	(189,970)
Options expired	(56)	(1,000,000)	(23,799)
Options outstanding, June 30, 2009	12	$1,700,000	$9,918

(c) Credit default swaps agreements:

Sell Protection swap agreements outstanding at June 30, 2009[1]:

Swap Counterparty/ Referenced Debt Issuer	Notional Amount Payable on Default (000)[3]	Credit Spread[2]	Termination Date	Payments Received by Portfolio	Market Value[4]	Upfront Premiums Paid (Received)	Unrealized Appreciation (Depreciation)
Barclays Bank:							
Dow Jones CDX IG-9 5 Year Index 30-100%	$292	0.35%	12/20/12	0.758%	$3,762	—	$3,762
General Electric Capital Corp.	500	4.12%	3/20/11	0.62%	(28,577)	—	(28,577)
General Electric Capital Corp.	400	4.35%	12/20/12	0.64%	(44,256)	—	(44,256)
Citigroup:							
General Electric Capital Corp.	100	4.34%	3/20/14	3.85%	(1,296)	—	(1,296)
SLM Corp.	100	8.37%	3/20/13	4.85%	(8,650)	—	(8,650)
SLM Corp.	100	8.25%	12/20/13	5.00%	(9,100)	$(14,250)	5,150
Credit Suisse First Boston:							
The Procter & Gamble Co.	800	0.75%	6/20/14	1.00%	9,456	7,344	2,112
Deutsche Bank:							
American Express	100	2.41%	3/20/13	1.75%	(1,547)	—	(1,547)
Dow Jones CDX IG-9 5 Year Index 30-100%	292	0.35%	12/20/12	0.708%	3,278	—	3,278
General Electric Capital Corp.	100	4.34%	12/20/13	4.75%	2,084	—	2,084
General Electric Capital Corp.	100	4.34%	12/20/13	4.90%	2,646	—	2,646
Merrill Lynch & Co.:							
Ford Motor Co.	100	15.81%	12/20/09	5.00%	(7,307)	(35,000)	27,693
International Lease Financial Corp.	100	9.03%	12/20/13	5.00%	(12,508)	(16,750)	4,242
Royal Bank of Scotland:							
CIT Group	100	17.18%	3/20/13	5.17%	(27,464)	—	(27,464)
					$(119,479)	$(58,656)	$(60,823)

(6) Investments in Securities (continued)

[1] If the Portfolio is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Portfolio will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.

[2] Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements as of year end serve as an indicator of the current status of the payment/performance risk and represent the likelihood or risk of default for the credit derivative. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. Wider credit spreads represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

[3] The maximum potential amount the Portfolio could be required to make as a seller of credit protection or receive as a buyer of credit protection if a credit event occurs as defined under the terms of that particular swap agreement.

[4] The quoted market prices and resulting values for credit default swap agreements serve as an indicator of the status at June 30, 2009 of the payment/performance risk and represent the likelihood of an expected liability (or profit) for the credit derivative should the notional amount of the swap agreement been closed/sold as of the period end. Increasing market values, in absolute terms when compared to the notional amount of the swap, represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

(d) Interest rate swap agreements outstanding at June 30, 2009:

			Rate Type				
Swap Counterparty	**Notional Amount (000)**	**Termination Date**	**Payments made by Portfolio**	**Payments received by Portfolio**	**Market Value**	**Upfront Premiums (Paid) Received**	**Unrealized Appreciation (Depreciation)**
Barclays Bank	BRL 400	1/4/10	BRL-CDI-Compounded	11.36%	$279	—	$279
Barclays Bank	$2,400	2/4/11	3-Month USD-LIBOR	3.00%	83,401	$(23,604)	107,005
BNP Paribas	€600	10/15/10	5-Year French CPI Ex Tobacco Daily Reference Index	2.09%	28,981	(426)	29,407
BNP Paribas	£100	3/18/14	6-Month EUR-LIBOR	4.50%	11,445	(1,507)	12,952
Deutsche Bank	AUD 100	6/15/11	3-Month Australian Bank Bill	4.50%	(297)	274	(571)
Goldman Sachs	BRL 100	1/4/10	BRL-CDI-Compounded	11.465%	196	—	196
Goldman Sachs	€100	3/30/12	5-Year French CPI Ex Tobacco Daily Reference Index	1.96%	1,867	—	1,867
HSBC Bank	£100	9/15/13	6-Month GBP-LIBOR	5.10%	11,865	(248)	12,113

(6) Investments in Securities (continued)

Swap Counterparty	Notional Amount (000)	Termination Date	Rate Type: Payments made by Portfolio	Rate Type: Payments received by Portfolio	Market Value	Upfront Premiums (Paid) Received	Unrealized Appreciation (Depreciation)
Merrill Lynch & Co.	BRL 300	1/4/10	BRL-CDI-Compounded	11.43%	$465	—	$465
Merrill Lynch & Co.	BRL 200	1/4/10	BRL-CDI-Compounded	12.948%	3,877	$174	3,703
Merrill Lynch & Co.	BRL 400	1/2/12	BRL-CDI-Compounded	11.98%	3,400	—	3,400
Merrill Lynch & Co.	BRL 300	1/2/12	BRL-CDI-Compounded	12.54%	4,683	(2,008)	6,691
Morgan Stanley	BRL 100	1/4/10	BRL-CDI-Compounded	12.67%	1,292	(147)	1,439
Morgan Stanley	BRL 400	1/4/10	BRL-CDI-Compounded	12.78%	6,903	426	6,477
Royal Bank of Scotland	€100	3/28/12	5-Year French CPI Ex Tobacco Daily Reference Index	1.955%	1,742	—	1,742
Royal Bank of Scotland	£100	3/18/14	6-Month GBP-LIBOR	5.25%	13,192	(78)	13,270
UBS	BRL 100	1/4/10	BRL-CDI-Compounded	12.41%	1,279	(173)	1,452
UBS	AUD 1,700	6/15/11	3-Month Australian Bank Bill	4.50%	(5,047)	919	(5,966)
UBS	AUD 500	9/15/11	6-Month Australian Bank Bill	4.25%	(1,744)	4,195	(5,939)
UBS	BRL 400	1/2/12	BRL-CDI-Compounded	10.575%	(5,368)	(7,170)	1,802
					$162,411	(29,373)	$191,784

AUD - Australian Dollar
BRL - Brazilian Real
CDI - Inter-Bank Deposit Certificate
CPI - Consumer Price Index
EUR/€ - Euro
GBP/£ - British Pound
LIBOR - London Inter-Bank Offered Rate

(6) Investments in Securities (continued)

(e) Forward foreign currency contracts outstanding at June 30, 2009:

	Counterparty	U.S. $ Value on Origination Date	U.S. $ Value June 30, 2009	Unrealized Appreciation (Depreciation)
Purchased:				
109,000 Australian Dollar settling 7/23/09	Goldman Sachs & Co.	$85,655	$87,985	$2,330
437,732 Brazilian Real settling 8/4/09	HSBC Bank USA	208,450	222,000	13,550
190,390 Brazilian Real settling 8/4/09	Merrill Lynch	88,615	96,558	7,943
208,000 British Pound settling 7/2/09	Morgan Stanley	343,627	342,545	(1,082)
38,000 British Pound settling 7/2/09	Royal Bank of Scotland PLC	59,587	62,580	2,993
69,000 Canadian Dollar settling 8/4/09	JPMorgan Chase & Co.	63,007	59,425	(3,582)
466,036 Chinese Yuan Renminbi settling 7/15/09	Barclays Bank	72,000	68,228	(3,772)
350,604 Chinese Yuan Renminbi settling 9/8/09	Barclays Bank	50,158	51,366	1,208
77,660 Chinese Yuan Renminbi settling 3/29/10	Barclays Bank	11,500	11,447	(53)
1,625,264 Chinese Yuan Renminbi settling 7/15/09	Deutsche Bank	251,300	237,941	(13,359)
430,248 Chinese Yuan Renminbi settling 7/15/09	HSBC Bank USA	66,000	62,989	(3,011)
77,841 Chinese Yuan Renminbi settling 3/29/10	HSBC Bank USA	11,500	11,473	(27)
642,612 Chinese Yuan Renminbi settling 7/15/09	JPMorgan Chase	99,700	94,079	(5,621)
466,610 Chinese Yuan Renminbi settling 3/29/10	JPMorgan Chase	69,000	68,776	(224)
2,043,000 Japanese Yen settling 7/2/09	BNP Paribas Bank	21,184	21,174	(10)
2,043,000 Japanese Yen settling 8/4/09	Morgan Stanley	21,215	21,183	(32)
14,464 Singapore Dollar settling 7/30/09	HSBC Bank USA	10,000	9,990	(10)

(6) Investments in Securities (continued)

	Counterparty	U.S. $ Value on Origination Date	U.S. $ Value June 30, 2009	Unrealized Appreciation (Depreciation)
Sold:				
30,657 Brazilian Real settling 8/4/09	HSBC Bank USA	$13,983	$15,548	$(1,565)
246,000 British Pound settling 7/2/09	Citigroup	380,617	405,125	(24,508)
208,000 British Pound settling 8/6/09	Morgan Stanley	343,616	342,534	1,082
207,493 Chinese Yuan Renminbi settling 7/15/09	Barclays Bank	29,000	30,377	(1,377)
91,195 Chinese Yuan Renminbi settling 9/8/09	Barclays Bank	13,000	13,361	(361)
1,038,218 Chinese Yuan Renminbi settling 7/15/09	Citigroup	148,528	151,997	(3,469)
917,082 Chinese Yuan Renminbi settling 7/15/09	Deutsche Bank	130,800	134,262	(3,462)
800,198 Chinese Yuan Renminbi settling 7/15/09	HSBC Bank USA	114,492	117,150	(2,658)
105,150 Chinese Yuan Renminbi settling 9/8/09	HSBC Bank USA	15,000	15,405	(405)
201,170 Chinese Yuan Renminbi settling 7/15/09	JPMorgan Chase	28,115	29,451	(1,336)
154,258 Chinese Yuan Renminbi settling 9/8/09	JPMorgan Chase	22,000	22,600	(600)
335,000 Euro settling 7/27/09	Barclays Bank	467,446	469,896	(2,450)
14,464 Singapore Dollar settling 7/30/09	Bank of America	9,553	9,990	(437)
				$(44,305)

(7) Income Tax Information

The cost basis of Portfolio securities of $132,470,354 is substantially the same for both federal income tax purposes and financial reporting purposes. Aggregate gross unrealized appreciation for securities in which there is an excess of value over tax cost is $6,479,263; aggregate gross unrealized depreciation for securities in which there is an excess of tax cost over value is $10,907,766; net unrealized depreciation for federal income tax purposes is $4,428,503.

(8) Legal Proceedings

In September 2004, the Investment Manager, PEA Capital LLC ("PEA") and the Distributor settled a regulatory action with the SEC that alleged violations of various antifraud provisions of the federal securities laws in connection with an alleged market timing arrangement involving trading of shares of certain open-end funds not in the Trust and advised by the Investment Manager. PEA, the Distributor and Allianz Global reached a settlement relating to the same subject matter with the Attorney General of the State of New Jersey in June 2004. Allianz Global, the

(8) Legal Proceedings (continued)

Investment Manager, PEA and the Distributor paid a total of $68 million to the SEC and New Jersey to settle the claims related to market timing. In addition to monetary payments, the settling parties agreed to undertake certain corporate governance, compliance and disclosure reforms related to market timing, and consented to cease and desist orders and censures. The settling parties did not admit or deny the findings in these settlements. None of these settlements alleged that any inappropriate activity took place with respect to the Portfolio. Subsequent to these events, PEA deregistered as an investment adviser and dissolved.

Since February 2004, Allianz Global, the Investment Manager, the Distributor, PEA and certain of their employees have been defendants in eleven lawsuits filed in various jurisdictions, which have been transferred to and consolidated for pre-trial proceedings in a multi-district litigation proceeding in the U.S. District Court for the District of Maryland. The lawsuits generally relate to the same allegations that are the subject of the regulatory proceedings discussed above. The lawsuits seek, on behalf of fund shareholders or the funds themselves, among other things, unspecified compensatory damages plus interest and, in some cases, punitive damages, the rescission of investment advisory contracts, the return of fees paid under those contracts, restitution and waiver of or return of certain sales charges paid by fund shareholders.

It is possible that these matters and/or other developments resulting from these matters could result in increased Portfolio redemptions or other adverse consequences to the Portfolio. However, the Investment Manager, the Sub-Adviser, the Fixed-Income Sub-Adviser and the Distributor believe that these matters are not likely to have a material adverse effect on the Portfolio or on Investment Manager's, the Sub-Adviser's, Fixed-Income Sub-Adviser's or the Distributor's ability to perform their respective investment advisory or distribution services relating to the Portfolio.

The foregoing speaks only as of the date hereof.

(9) Subsequent Events

The Portfolio has adopted FASB Statement of Financial Accounting Standard No. 165, "Subsequent Events" ("FAS 165") – accounting and disclosure of subsequent events. Subsequent events are events or transactions that occur after the balance sheet date but before financial statements are issued or are available to be issued.

The objective of FAS 165 is to establish principles and requirements for subsequent events. In particular, FAS 165 sets forth:

a. The period after the balance sheet date during which management of a reporting entity shall evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements.

b. The circumstances under which an entity shall recognize events or transactions occurring after the balance sheet date.

c. The disclosures that an entity shall make about events or transactions that occurred after the balance sheet date.

Management has determined there were no subsequent events following the six months ended June 30, 2009 through August 19, 2009, the date the financial statements were available to be issued.

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Investors should consider the investment objectives, risk, charges and expenses of the Portfolio carefully before investing. This and other information is contained in the Portfolio's prospectus. Please read the prospectus carefully before you invest or send money.

The financial information included herein is taken from the records of the Portfolio without examination by an independent registered public accounting firm, who did not express an opinion hereon.